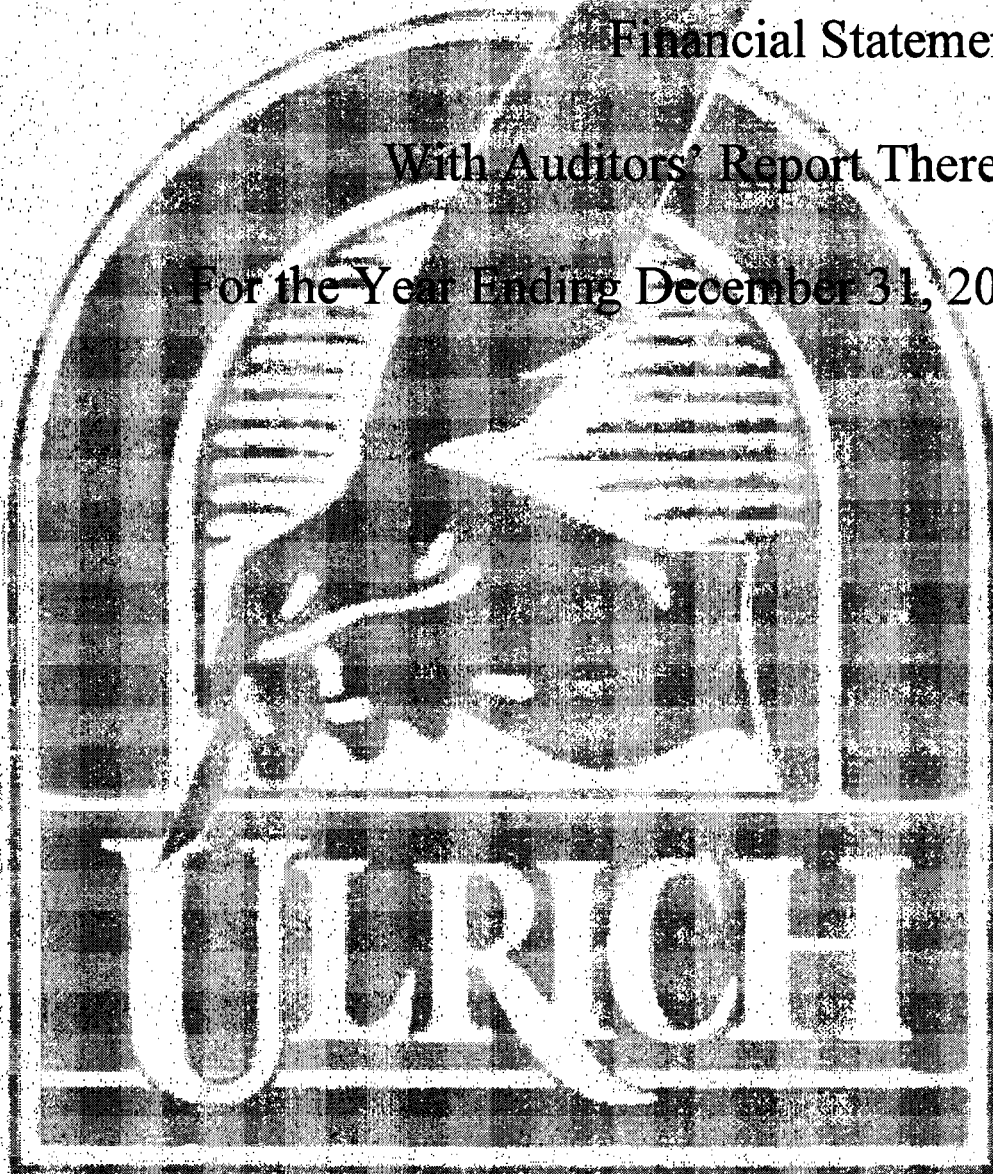


Rich County, Utah

Financial Statements

With Auditors' Report Thereon

For the Year Ending December 31, 2005



Ulrich & Associates, PC
Certified Public Accountants
Ogden, Utah

Rich County, Utah
Table of Contents
For the Year Ended December 31, 2005

Independent Auditors' Report	3
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Balance Sheet Reconciliation to Statement of Net Assets	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Statement of Changes Reconciliation to Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Class B Roads	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - Mosquito Abatement	30
Statement of Net Assets - Proprietary Funds	31
Statement of Revenues, Expenditures, and Changes in Fund Net Assets - Proprietary Funds	32
Statement of Cash Flows - Proprietary Funds	33
Statement of Fiduciary Net Assets - Fiduciary Fund Types	34
Notes to Financial Statements	36
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	57
Combining Balance Sheet - Nonmajor Component Units	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Component Units	60
Schedule of Receipts and Disbursements - Treasurer's Collections Account	61
Schedule of Taxes Charged, Collected, and Distributed	62

Rich County, Utah
Table of Contents
For the Year Ended December 31, 2005

Other Reports:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> <i>Standards</i>	64
State Legal Compliance Report	66
State Legal Compliance Schedule of Findings	68

Ulrich & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners
Rich County, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Rich County, Utah as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Rich County, Utah's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Rich County, Utah as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2006 on our consideration of Rich County, Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ulrich & Associates, P.C.

May 25, 2006

Rich County, Utah
Management's Discussion and Analysis
December 31, 2005

As management of Rich County, we offer readers of Rich County's financial statements this narrative overview and analysis of the financial activities of Rich County for the fiscal year ended December 31, 2005.

Financial Highlights

Total net assets of \$2,776,377 is made up of \$1,702,158 in capital assets less related debt of \$381,326, and other net assets of \$1,455,545.

In the enterprise fund, operating revenues exceeded operating expenditures by \$30,533, which includes a non-cash charge for depreciation of \$26,736. In addition to operating income, the enterprise funds collected interest in the amount of \$1,969.

Total long-term liabilities of the County's government funds were decreased by \$45,334.

Reporting the County as a Whole

This discussion and analysis is intended to serve as an introduction to Rich County's basic financial statements. Rich County's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of Rich County's finances, in a manner similar to a private-sector business.

The statements of net assets presents information on all of Rich County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Rich County is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

The statement of activities presents information showing how the County's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Rich County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on the pages directly following this report.

Reporting the County's Most Significant Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rich County also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation included with the fund financial statements.

For Rich County, the major governmental funds (as determined by generally accepted accounting principles) are the general fund, class B road fund, and the mosquito abatement fund.

Proprietary funds - Rich County maintains one type of proprietary fund, the sanitation fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Rich County uses an enterprise fund to account for its sanitation department. In addition, Rich County reports information on Bear Lake Special Service District, a discretely presented component unit, which is also an enterprise fund. Complete financial statements for this entity may be obtained at the district offices.

As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.

Rich County, Utah
Management's Discussion and Analysis
December 31, 2005

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Rich County, assets exceed liabilities by \$2,776,377.

The largest portion of Rich County's net assets (45.7%) is in non-capital assets, which reflects the County's financial stability. The capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding, is used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. With almost 50% of the County's net assets capable of being liquidated to meet these obligations, the County has sufficient resources to more than meet its routine operational needs.

The significant portion of net assets that represent non-capital assets are comprised of various restricted and unrestricted amounts. The County holds restricted funds for use in developing tourism as a result of payments received over the years from State allocations of the transient room/restaurant taxes that are remitted by the State. Several of these allocations included unearned excesses, which the County has restricted. These excesses will be absorbed as the State withholds future amounts in an effort to recover the excess amounts paid. Other restricted funds include the funds available in the Mosquito Abatement special service district. The County is investigating the possibility that these funds could be used for other "special service district" purposes, possibly roads.

The County's unrestricted net assets are used primarily to fund cash flows during the year. As noted later in this report, property taxes represent the largest source of income for the County. These taxes are not collected until November, late in the County's fiscal year. Therefore, fund balances are used during the year until such time as the taxes are collected and held available for use in meeting expenditures of the subsequent year.

Funds held in the business-type activities are anticipated to be used in funding additional capital assets, initially to include a new sanitation truck and garbage cans.

Rich County, Utah
Management's Discussion and Analysis
December 31, 2005

Statement of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Assets:				
Current and other assets	\$ 1,579,664	1,626,023	167,835	225,159
Capital assets	1,291,794	1,283,039	417,611	125,649
Total assets	2,871,458	2,909,062	585,446	350,808
Liabilities:				
Long-term debt outstanding	197,326	242,661	-	-
Other liabilities	258,381	320,799	224,820	22,683
Total liabilities	455,707	563,460	224,820	22,683
Net Assets:				
Invested in capital assets, net of debt	1,094,468	1,040,378	226,365	125,649
Restricted	312,344	343,931	-	-
Unrestricted	1,008,939	961,293	134,261	202,476
Total net assets	\$ 2,415,751	2,345,602	360,626	328,125

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Rich County, Utah
Management's Discussion and Analysis
December 31, 2005

Changes in Net Assets

	Governmental Activities		Business-Type Activities	
	2005	2004	2005	2004
Revenues:				
Program revenues:				
Charges for services	\$ 496,680	370,828	284,246	218,304
Operating grants & contributions	1,399,846	1,214,278	-	-
General revenues:				
Property taxes	567,340	520,071	-	-
Other taxes	240,151	237,909	-	-
Interest income	23,560	15,229	1,969	1,672
Total revenues	<u>2,727,577</u>	<u>2,358,315</u>	<u>286,215</u>	<u>219,976</u>
Expenses:				
General government	790,025	815,079	-	-
Legislative	743,309	673,809	-	-
Highways and streets	555,365	448,236	-	-
Parks and recreation	27,164	16,316	-	-
Buildings and grounds	307,032	195,207	-	-
Planning and zoning	137,673	153,915	-	-
Professional	93,484	84,755	-	-
Sanitation	-	-	253,713	231,570
Total expenses	<u>2,654,052</u>	<u>2,387,317</u>	<u>253,713</u>	<u>231,570</u>
Interest expense	11,477	8,841	-	-
Increase (decrease) in net assets	<u>62,048</u>	<u>(37,843)</u>	<u>32,502</u>	<u>(11,594)</u>
Net assets, beginning of year	<u>2,353,703</u>	<u>2,383,445</u>	<u>328,125</u>	<u>339,719</u>
Net assets, end of year	<u>\$ 2,415,751</u>	<u>2,345,602</u>	<u>360,627</u>	<u>328,125</u>

Rich County, Utah
Management's Discussion and Analysis
December 31, 2005

Financial Analysis of Government's Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of December 31, 2005, the County's governmental fund (General) reported a fund balance of \$759,820. This represents an decrease of \$131,329 (14.7%) over last year's ending balance.

The General Fund is the chief operating fund of the County. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 40.2% of total general fund revenues. The largest element of taxes is property taxes as it has been for the last several years. It represents 70.3% of total tax revenues and represents 28.2% of total general fund revenues. This compares with 30.4% in the prior fiscal year ended December 31, 2004.

As stated earlier, the County maintains one enterprise fund to account for the business-type activities of the County. The separate fund statements included in this report, provides the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide much more detail.

General Fund Budgetary Highlights

During the fiscal year the general fund original budget was amended from an expenditure total of \$2,091,906 to a final budget of \$2,167,406 (3.6%). These increases were due to the timing of grants and equipment purchases.

Capital Asset and Debt Administration

Capital Assets

Rich County's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$196,167 in general government equipment purchases, \$23,936 of general improvements and \$311,451 in business-type equipment purchases.. The total increase in the County's investment in fixed assets for the current year was 20.83% .

Rich County, Utah
Management's Discussion and Analysis
December 31, 2005

Major capital asset events during the current fiscal year included the following:

\$104,400 for a ambulance
 \$21,422 for a new sheriff vehicle
 \$44,387 for emergency management equipment
 \$25,858 for various other general fund equipment
 \$23,936 for general improvements including fencing
 \$311,451 for two garbage trucks and new cans

Rich County's Capital Assets

	Governmental Activities 2005	Business- Type Activities 2005
Land	\$ 16,750	-
Buildings	1,343,714	-
Improvements	166,588	-
Machinery and equipment	2,351,543	691,523
Less: Accumulated depreciation	<u>(2,586,801)</u>	<u>(281,159)</u>
Total	<u>\$ 1,291,794</u>	<u>410,364</u>

Additional information on the County's capital assets can be found in the footnotes of this report.

Long-term Debt

At December 31, 2005, the County had a total of two capital leases outstanding, secured by equipment.

Rich County's Long-Term Debt

	Governmental Activities 2005	Business- Type Activities 2005
Capital leases payable	\$ 197,326	-
	<u>\$ 197,326</u>	<u>-</u>

The County's total debt decreased by \$45,334 during the fiscal year.

Additional information on the outstanding debt obligations of the County can be found in the footnotes to this report.

BASIC FINANCIAL STATEMENTS

Rich County, Utah

Statement of Net Assets

December 31, 2005

	Primary Government			Component Units	
	Governmental		Total	Bear Lake	Other Nonmajor
	Activities	Business-type Activities			
Assets					
Cash and cash equivalents	\$ 949,565	30,000	979,565	805,598	172,165
Accounts receivable - net	207,574	137,835	345,409	96,725	-
Prepaid expenses	20,798	-	20,798	-	-
Due from other funds	191,578	-	191,578	-	-
Due from agency	210,149	-	210,149	-	-
Capital assets (net of accumulated depreciation):					
Land	16,750	-	16,750	159,110	-
Buildings	563,012	-	563,012	48,965	75,533
Improvements	81,151	-	81,151	3,435,192	-
Machinery and equipment	630,881	410,364	1,041,245	49,532	200,721
Construction in progress	-	7,247	7,247	-	-
Total assets	<u>2,871,458</u>	<u>585,446</u>	<u>3,456,904</u>	<u>4,595,122</u>	<u>448,419</u>
Liabilities					
Accounts payable and accrued liabilities	158,226	18,627	176,853	9,715	919
Due to other funds	-	191,577	191,577	-	-
Restaurant tax payable	45,099	-	45,099	-	-
Accrued landfill closure costs	-	5,000	5,000	-	-
Long-term debt - current	47,472	-	47,472	123,659	22,262
Long-term debt - noncurrent	149,854	-	149,854	1,943,015	31,407
Compensated absences	55,056	9,616	64,672	-	-
Total liabilities	<u>455,707</u>	<u>224,820</u>	<u>680,527</u>	<u>2,076,389</u>	<u>54,588</u>
Net Assets					
Invested in capital assets, net of related debt	1,094,468	226,365	1,320,833	1,626,125	222,585
Restricted for:					
Debt	-	-	-	134,217	-
Class B road	-	-	-	-	-
Liquor law tax	23,239	-	23,239	-	-
Transient room tax	79,290	-	79,290	-	-
Restaurant tax	209,815	-	209,815	-	-
Unrestricted	1,008,939	134,261	1,143,200	758,391	171,246
Total net assets	<u>\$ 2,415,751</u>	<u>360,626</u>	<u>2,776,377</u>	<u>2,518,733</u>	<u>393,831</u>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Activities
For the Year Ended December 31, 2005

Function/Programs	Net (Expense) Revenues & Changes in Net Assets				
	Program Revenues		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	Nonmajor Component Units
				Governmental Activities	Bear Lake Special Service District
Primary government:				Business-type Activities	
Governmental activities:					
General government	\$ 790,025	347,653	521,041	78,669	-
Public safety	743,309	89,259	56,404	(597,646)	-
Highways and streets	566,842	-	373,975	(192,867)	-
Cultural and recreation	27,164	28,397	-	1,233	-
Non-departmental	307,032	30,406	140,616	(136,010)	-
Public health	137,673	-	238,065	100,392	-
Senior citizen programs	93,484	965	69,745	(22,774)	-
Total governmental activities	2,665,529	496,680	1,399,846	(769,003)	-
Business-type activities:					
Sanitation fund	253,713	284,246	-	30,533	-
Total business-type activities	253,713	284,246	-	30,533	-
Total primary government	2,919,242	780,926	1,399,846	(769,003)	-
Component units:					
Bear Lake Special Service District	449,050	464,545	-	-	15,495
Other nonmajor component units	125,286	6,942	78,662	-	(39,682)
Total component units	574,336	471,487	78,662	-	15,495
General revenues:					
Property taxes				567,340	-
General sales and use tax				74,210	-
Fee in lieu				165,941	-
Impact fees				-	112,442
Net interest earnings (expense)				1,969	9,747
Total general revenues				833,020	2,686
Change in net assets				32,502	111,858
Net assets - beginning, as adjusted				2,353,703	137,684
Net assets - ending				360,627	2,381,049
				2,776,378	2,518,733
					393,831

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Special Revenue Class B Roads	Mosquito Abatement	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 27,055	11,485	256,995	33,521	329,056
Equity in investment pool	620,509	-	-	-	620,509
Receivables (net):					
Accounts	142,283	65,291	-	-	207,574
Prepaid expenses	20,798	-	-	-	20,798
Due from other funds	232,674	-	271,229	8,800	512,703
Total assets	<u>1,043,319</u>	<u>76,776</u>	<u>528,224</u>	<u>42,321</u>	<u>1,690,640</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	121,200	11,761	-	-	132,961
Accrued liabilities	21,172	-	-	739	21,911
Restaurant tax payable	45,099	-	-	-	45,099
Due to other funds	96,028	-	-	14,948	110,976
Total liabilities	<u>283,499</u>	<u>11,761</u>	<u>-</u>	<u>15,687</u>	<u>310,947</u>
Fund Balances:					
Reserved for:					
Roads	-	-	-	-	-
Transient room tax	79,290	-	-	-	79,290
Restaurant tax	209,815	-	-	-	209,815
Liquor law enforcement	23,239	-	-	-	23,239
Unreserved, reported in:					
General Fund:					
Undesignated	447,476	-	-	-	447,476
Special Revenue Fund	-	65,015	528,224	26,634	619,873
Total fund balances	<u>759,820</u>	<u>65,015</u>	<u>528,224</u>	<u>26,634</u>	<u>1,379,693</u>
Total liabilities and fund balances	<u>\$ 1,043,319</u>	<u>76,776</u>	<u>528,224</u>	<u>42,321</u>	<u>1,690,640</u>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Balance Sheet Reconciliation to Statement of Net Assets
December 31, 2005

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental fund types:	\$ 1,379,693
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,291,794
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(255,736)</u>
Net assets of government activities	<u><u>\$ 2,415,751</u></u>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Special Revenue Class B Roads	Mosquito Abatement	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 807,491	-	-	-	807,491
Licenses and permits	84,965	-	-	-	84,965
Intergovernmental	521,041	373,975	238,065	58,269	1,191,350
Charges for services	467,318	-	-	29,362	496,680
Fines and forfeitures	55,651	-	-	-	55,651
Miscellaneous revenue	56,404	-	-	11,476	67,880
Interest	15,603	-	7,868	89	23,560
Total revenues	<u>2,008,473</u>	<u>373,975</u>	<u>245,933</u>	<u>99,196</u>	<u>2,727,577</u>
<u>Expenditures</u>					
General government	768,040	-	-	-	768,040
Public safety	848,503	-	-	-	848,503
Highways and streets	-	527,190	-	-	527,190
Cultural and recreation	-	-	-	24,705	24,705
Mosquito abatement	-	-	88,173	-	88,173
Non-departmental	307,032	-	-	-	307,032
Public health	49,500	-	-	-	49,500
Senior citizen programs	16,727	-	-	76,757	93,484
Total expenditures	<u>1,989,802</u>	<u>527,190</u>	<u>88,173</u>	<u>101,462</u>	<u>2,706,627</u>
Excess revenues over (under) expenditures	<u>18,671</u>	<u>(153,215)</u>	<u>157,760</u>	<u>(2,266)</u>	<u>20,950</u>
<u>Other Financing Sources</u>					
Transfer to special revenue fund	-	150,000	-	-	150,000
Transfer from general fund	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Total other financing sources	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(131,329)</u>	<u>(3,215)</u>	<u>157,760</u>	<u>(2,266)</u>	<u>20,950</u>
Fund balances - beginning of year, as adjusted	<u>891,149</u>	<u>68,230</u>	<u>370,464</u>	<u>28,900</u>	<u>1,358,743</u>
Fund balances - end of year	<u>\$ 759,820</u>	<u>65,015</u>	<u>528,224</u>	<u>26,634</u>	<u>1,379,693</u>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Changes Reconciliation to Statement of Activities
For the Year Ended December 31, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 20,950
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

8,755

The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

32,343

Change in net assets of governmental activities	<u>\$ 62,048</u>
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The notes to the financial statements are an integral part of this statement.

Rich County, Utah

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
<u>Taxes</u>				
General property tax	\$ 480,732	480,732	567,340	86,608
General sales and use tax	60,000	60,000	74,210	14,210
Transient room tax	64,992	64,992	74,970	9,978
Restaurant tax	20,004	20,004	16,871	(3,133)
Option sales tax	63,000	63,000	74,100	11,100
	<u>688,728</u>	<u>688,728</u>	<u>807,491</u>	<u>118,763</u>
<u>Licenses and permits</u>				
Building permits	69,996	69,996	84,965	14,969
<u>Intergovernmental</u>				
Forest service fees	11,004	11,004	13,121	2,117
Federal payments in lieu of taxes	212,856	212,856	185,296	(27,560)
Liquor control tax	7,500	7,500	7,185	(315)
School bookmobile	16,728	16,728	29,939	13,211
State PILT	38,004	38,004	33,171	(4,833)
Ambulance grant	24,996	24,996	4,838	(20,158)
Wildland suppression	30,000	30,000	7,577	(22,423)
FEMA	3,996	3,996	-	(3,996)
RS 2477	5,004	5,004	-	(5,004)
GIS	21,000	21,000	21,000	-
CRM/BLM	-	-	138,614	138,614
Homeland security	144,504	144,504	80,300	(64,204)
	<u>515,592</u>	<u>515,592</u>	<u>521,041</u>	<u>5,449</u>
<u>Charges for services</u>				
General government	54,396	54,396	67,186	12,790
Public safety	52,164	52,164	89,259	37,095
Weed control	20,796	20,796	30,406	9,610
Assessing and collecting	210,000	210,000	280,467	70,467
	<u>337,356</u>	<u>337,356</u>	<u>467,318</u>	<u>129,962</u>

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
<u>Fines and forfeitures</u>	50,580	50,580	55,651	5,071
<u>Interest on investments</u>	15,000	15,000	15,603	603
<u>Other</u>				
District court agreement	20,604	20,604	25,584	4,980
Sale of fixed asset	2,004	2,004	15,000	12,996
Miscellaneous	24,000	24,000	15,820	(8,180)
	46,608	46,608	56,404	9,796
Total revenues	\$1,723,860	1,723,860	2,008,473	284,613

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Expenditures</u>				
<u>General government</u>				
Administrative - Commissioners				
Salaries and wages	\$ 36,300	36,300	36,225	75
Employee benefits	32,775	32,775	33,586	(811)
Office expense and supplies	400	400	49	351
Telephone	1,625	1,625	600	1,025
Travel	8,700	8,700	8,322	378
Total administrative	79,800	79,800	78,782	1,018
District court				
Salaries and wages	9,850	9,850	8,610	1,240
Employee benefits	2,100	2,100	2,202	(102)
Equipment and maintenance	960	960	420	540
Equipment purchase	1,500	1,500	230	1,270
Office expense and supplies	2,300	2,300	538	1,762
Telephone	900	900	986	(86)
Travel	300	300	56	244
Total district court	17,910	17,910	13,042	4,868
Public defender				
Professional service	12,000	12,000	10,920	1,080
Justice of the peace court				
Salaries and wages	25,000	25,000	23,896	1,104
Employee benefits	4,000	4,000	2,572	1,428
Equipment and maintenance	800	800	73	727
Outside services	6,000	6,000	-	6,000
Jury and witness fess	1,000	1,000	664	336
Office expense and supplies	1,000	1,000	541	459
Telephone	1,000	1,000	974	26
Travel	1,500	1,500	1,135	365
Total justice of the peace court	40,300	40,300	29,855	10,445

Rich County, Utah

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Expenditures</u>				
Computer				
Equipment and maintenance	4,500	4,500	2,035	2,465
Equipment purchase	4,500	4,500	7,219	(2,719)
Office expense and supplies	1,000	1,000	26	974
Technical services	20,000	20,000	16,245	3,755
Telephone	-	-	150	(150)
Total computer	30,000	30,000	25,675	4,325
Clerk/Auditor				
Salaries and wages	40,300	40,300	41,233	(933)
Employee benefits	18,500	18,500	20,213	(1,713)
Disclosure notice	3,000	3,000	2,471	529
Equipment and maintenance	600	600	354	246
Equipment purchase	1,500	1,500	-	1,500
Office expense and supplies	2,000	2,000	2,632	(632)
Telephone	1,400	1,400	959	441
Travel	1,200	1,200	625	575
Total clerk - auditor	68,500	68,500	68,487	13
Treasurer				
Salaries and wages	38,000	38,000	37,540	460
Employee benefits	16,800	16,800	18,230	(1,430)
Delinquent tax notices	1,100	1,100	1,261	(161)
Equipment and maintenance	300	300	186	114
Equipment purchase	400	400	-	400
Office expense and supplies	5,200	5,200	4,769	431
Telephone	560	560	335	225
Travel	1,800	1,800	1,725	75
Total treasurer	64,160	64,160	64,046	114

Rich County, Utah

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Expenditures</u>				
Recorder				
Salaries and wages	48,600	48,600	53,315	(4,715)
Employee benefits	30,000	30,000	23,640	6,360
Equipment and maintenance	3,080	3,080	2,537	543
Equipment purchase	3,160	3,160	2,975	185
Office expense and supplies	1,000	1,000	1,193	(193)
Telephone	1,400	1,400	1,186	214
Travel	3,500	3,500	2,822	678
Total recorder	90,740	90,740	87,668	3,072
Attorney				
Salaries and wages	26,750	26,750	25,975	775
Employee benefits	2,050	2,050	1,987	63
Deputy	7,500	7,500	4,594	2,906
Office expense and supplies	1,700	1,700	1,624	76
Sundry	-	-	1,814	(1,814)
Telephone	800	800	711	89
Travel	900	900	1,068	(168)
Total attorney	39,700	39,700	37,773	1,927
Assessor				
Salaries and wages	48,600	48,600	47,883	717
Employee benefits	20,000	20,000	20,986	(986)
Dues and fees	2,355	2,355	2,295	60
Equipment and maintenance	200	200	-	200
Equipment purchase	3,700	3,700	-	3,700
Office expense and supplies	3,000	3,000	1,345	1,655
Technical services	3,600	3,600	2,098	1,502
Telephone	1,500	1,500	909	591
Travel	3,400	3,400	853	2,547
Total assessor	86,355	86,355	76,369	9,986

Rich County, Utah

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
<u>Expenditures</u>				<u>Positive</u>
				<u>(Negative)</u>
Non-departmental				
Insurance	53,355	53,355	52,961	394
Miscellaneous	58,887	75,887	75,211	676
Room tax	85,300	85,300	59,377	25,923
Bear Lake convention and visitors bureau	19,000	19,000	19,000	-
Total non-departmental	216,542	233,542	206,549	26,993
Buildings				
Salaries and wages	14,560	16,060	15,777	283
Employee benefits	1,180	1,180	1,207	(27)
Equipment and maintenance	7,600	7,600	4,295	3,305
Equipment purchase	7,400	7,400	-	7,400
Utilities	30,000	30,000	40,622	(10,622)
Total buildings	60,740	62,240	61,901	339
Elections				
Supplies	2,496	496	364	132
Judges and registration agents	1,500	500	-	500
Total elections	3,996	996	364	632
Planning and zoning	3,000	3,000	1,109	1,891
Engineering	6,000	6,000	5,500	500
Total general government	819,743	835,243	768,040	67,203

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<u>Expenditures</u>				
<u>Public safety</u>				
Sheriff department				
Salaries and wages	130,670	130,670	132,758	(2,088)
Employee benefits	73,160	73,160	67,815	5,345
Education and training	1,500	1,500	1,872	(372)
Equipment and maintenance	6,500	6,500	9,333	(2,833)
Equipment purchase	28,000	28,000	21,422	6,578
Gasoline	10,000	15,000	19,812	(4,812)
Office expense and supplies	6,500	6,500	9,136	(2,636)
Telephone	8,000	8,000	8,905	(905)
Travel	1,500	1,500	2,224	(724)
Total sheriff department	265,830	270,830	273,277	(2,447)
Forest				
Salaries and wages	4,000	4,000	2,270	1,730
Wildland fire				
Equipment and maintenance	61,328	61,328	46,055	15,273
Education and training	750	750	-	750
Total wildland fire	62,078	62,078	46,055	16,023
Liquor law enforcement				
Salaries and wages	2,500	2,500	942	1,558

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
<u>Expenditures</u>				<u>Positive</u>
				<u>(Negative)</u>
Jail				
Salaries and wages	145,500	145,500	159,322	(13,822)
Employee benefits	100,000	95,000	80,249	14,751
Education and training	2,000	2,000	645	1,355
Equipment and maintenance	1,500	1,500	412	1,088
Equipment purchase	6,000	6,000	-	6,000
Food	6,000	6,000	6,824	(824)
Office expense and supplies	3,500	3,500	5,634	(2,134)
Travel	800	800	5,481	(4,681)
Uniforms	1,200	1,200	1,303	(103)
Total jail	266,500	261,500	259,870	1,630
Building inspection				
Office expense and supply	-	-	124	(124)
Technical services	35,000	52,600	52,359	241
Total building inspection	35,000	52,600	52,483	117
Emergency management				
Salaries and wages	7,200	7,200	7,200	-
Employee benefits	800	800	551	249
Equipment and maintenance	500	500	21,416	(20,916)
Equipment purchase	134,500	134,500	46,940	87,560
Telephone	500	500	600	(100)
Travel	1,000	1,000	3,440	(2,440)
Total emergency management	144,500	144,500	80,147	64,353
Ambulance service				
Education and training	8,000	6,500	3,191	3,309
Equipment and maintenance	12,500	12,500	15,772	(3,272)
Equipment purchase	118,000	108,000	104,400	3,600
Gas	2,500	2,500	3,267	(767)
Travel	4,000	4,000	3,848	152
Total ambulance service	145,000	133,500	130,478	3,022

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Expenditures</u>				
Search and rescue				
Equipment and maintenance	5,000	5,000	2,981	2,019
Total public safety	930,408	936,508	848,503	88,005
<u>Non-Departmental</u>				
Roadway				
Miscellaneous	30,000	9,900	2,898	7,002
Weed control				
Salaries and wages	21,000	14,000	8,750	5,250
Employee benefits	8,000	8,000	2,212	5,788
Equipment and maintenance	35,400	25,400	24,652	748
Gas	1,700	1,700	1,599	101
Telephone	1,000	1,000	958	42
Equipment purchase	-	-	2,077	(2,077)
Total weed control	67,100	50,100	40,248	9,852
Television				
Equipment and maintenance	-	3,000	5,381	(2,381)
Equipment purchase	4,900	4,900	4,997	(97)
Travel	-	-	622	(622)
Technical services	19,500	19,500	16,000	3,500
Total television	24,400	27,400	27,000	400
Libraries				
Miscellaneous	45,984	45,984	34,564	11,420
GIS/RS 2477				
Salaries and wages	-	-	405	(405)
Employee benefits	-	-	31	(31)
Equipment and maintenance	23,800	23,800	17,443	6,357
Travel	1,265	1,265	390	875
Total GIS/RS 2477	25,065	25,065	18,269	6,796

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Expenditures</u>				
Agriculture extension service				
Salaries and wages	10,556	10,556	12,445	(1,889)
Employee benefits	-	-	-	-
Equipment and maintenance	1,000	1,000	1,925	(925)
Equipment purchase	2,700	2,700	-	2,700
Gas	1,200	1,200	1,747	(547)
Office expense and supplies	4,750	4,750	3,454	1,296
Telephone	1,700	1,700	1,328	372
Travel	2,800	2,800	2,573	227
Total agriculture extension service	24,706	24,706	23,472	1,234
Exhibits rodeo/fair	9,000	9,000	5,363	3,637
CRM	50,000	135,500	155,218	(19,718)
Total non-departmental	276,255	327,655	307,032	20,623
<u>Public health</u>	50,500	50,500	49,500	1,000
<u>Senior citizen program</u>	15,000	17,500	16,727	773
Total expenditures	2,091,906	2,167,406	1,989,802	177,604
<u>Other Financing Sources</u>				
Transfer from general fund	-	-	(150,000)	(150,000)
Total other financing sources	-	-	(150,000)	(150,000)
Excess of revenues and other sources over (under) expenditures	\$ (368,046)	(443,546)	(131,329)	312,217

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-Class B Roads
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
Intergovernmental	\$ 420,000	420,000	373,975	(46,025)
Total revenues	420,000	420,000	373,975	(46,025)
<u>Expenditures</u>				
Class B Roads	538,200	538,200	527,190	11,010
Total expenditures	538,200	538,200	527,190	11,010
Excess revenues over (under)				
expenditures	(118,200)	(118,200)	(153,215)	(35,015)
<u>Other Financing Sources (Uses)</u>				
Transfer from other funds	-	100,000	150,000	50,000
Total other financing sources and (uses)	-	100,000	150,000	50,000
Excess of revenues and other sources				
over (under) expenditures and other uses	(118,200)	(18,200)	(3,215)	14,985
Fund balances - beginning of year	68,230	68,230	68,230	-
Fund balances - end of year	\$ (49,970)	50,030	65,015	14,985

The notes to the financial statements are an integral part of this statement.

Rich County, Utah

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual-Mosquito Abatement
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues</u>				
Intergovernmental	\$ 200,000	200,000	238,065	38,065
Interest	-	-	7,868	7,868
Total revenues	200,000	200,000	245,933	45,933
<u>Expenditures</u>				
Mosquito spraying	200,000	200,000	88,173	111,827
Miscellaneous	-	-	-	-
Total expenditures	200,000	200,000	88,173	111,827
Excess revenues over (under)				
expenditures	-	-	157,760	157,760
Fund balances - beginning of year	370,464	370,464	370,464	-
Fund balances - end of year	<u>\$ 370,464</u>	<u>370,464</u>	<u>528,224</u>	<u>157,760</u>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah

Statement of Net Assets

Proprietary Funds

December 31, 2005

	Business-Type Activities - Enterprise
	Primary Government
	Sanitation Fund
<hr/>	
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable - net	19,197
Unbilled receivables	118,638
Due from other funds	-
	<hr/>
Total current assets	137,835
	<hr/>
Noncurrent assets:	
Restricted cash	30,000
Construction in progress	7,247
Land, equipment, buildings and improvements	691,523
Less: Accumulated depreciation	(281,158)
	<hr/>
Total noncurrent assets	447,612
	<hr/>
Total assets	585,447
	<hr/>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued liabilities	18,627
Due to other funds	191,577
Compensated absences	9,616
Accrued landfill closure costs and postclosure care costs	5,000
	<hr/>
Total current liabilities	224,820
	<hr/>
Total liabilities	224,820
	<hr/>
<u>Net Assets</u>	
Investment in capital assets, net of related debt	226,365
Unrestricted:	
Designated - landfill closure costs	25,000
Undesignated	109,262
	<hr/>
Total net assets	360,627
	<hr/>
Total liabilities and net assets	\$ 585,447
	<hr/>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities Enterprise Funds Primary Government Sanitation Fund
<u>Operating Revenues</u>	
Charges for services	\$ 284,246
Miscellaneous	-
Total operating revenues	<u>284,246</u>
<u>Operating Expenses</u>	
Salaries and wages	110,852
Employee benefits	54,730
Gasoline	25,051
Maintenance and supplies	33,682
Other	2,662
Depreciation and amortization	<u>26,736</u>
Total operating expenses	<u>253,713</u>
Operating income	<u>30,533</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest revenue	<u>1,969</u>
Total nonoperating revenues (expenses)	<u>1,969</u>
Change in net assets	32,502
Total net assets - beginning	<u>328,125</u>
Total net assets - ending	<u><u>\$ 360,627</u></u>

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-Type Activities Enterprise Funds Primary Government Sanitation Fund
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 247,289
Payments to suppliers	(100,205)
Payments to employees	(110,852)
Net cash provided (used) by operating activities	36,232
<u>Cash flows from noncapital financing activities:</u>	
Advances from other funds	191,577
Net cash provided (used) by noncapital financing activities	191,577
<u>Cash flows from investing activities:</u>	
Purchase of fixed assets	(318,698)
Interest and dividends received	1,969
Net cash provided (used) by investing activities	(316,729)
Net increase (decrease) in cash and cash equivalents	(88,920)
Cash and cash equivalents - beginning	118,920
Cash and cash equivalents (deficit) - end	\$ 30,000
<u>Reconciliation of operating income to net cash provided (used) by operating activities:</u>	
Operating income	\$ 30,533
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	26,736
(Increase) decrease in due from other funds	-
(Increase) decrease in accounts receivable	(31,597)
Increase (decrease) in accounts payable	15,920
Increase (decrease) in compensated absences	(5,360)
Total adjustments	5,699
Net cash provided (used) by operating activities	\$ 36,232

The notes to the financial statements are an integral part of this statement.

Rich County, Utah
Statement of Fiduciary Net Assets
Fiduciary Fund Types
For the Year Ended December 31, 2005

	County Clerk District Court	Rich J.P. Precinct	Property Tax
<u>Assets</u>			
Cash and cash equivalents	\$ 6,941	7,304	913,636
Total assets	<u>6,941</u>	<u>7,304</u>	<u>913,636</u>
<u>Liabilities</u>			
Due to other governments	6,897	4,837	705,998
Due to other funds	<u>44</u>	<u>2,467</u>	<u>207,638</u>
Total liabilities	<u>\$ 6,941</u>	<u>7,304</u>	<u>913,636</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Rich County, Utah
Notes to Financial Statements
For the Year Ended December 31, 2005

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The County is governed by an elected three member commission. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component units

Bear Lake Special Service District (Enterprise Fund) - The District provides sewer collection services for homes and businesses within the geographical area. The District is considered a component-unit of the County because the County must authorize the issuance of new debt and thus the District has a fiscal dependency upon the County. The District was audited by an independent auditor and his report dated March 15, 2006, has been previously issued under separate cover.

Woodruff, Garden City, Lake Town and Randolph Fire Districts (Special Revenue Funds) - These districts provide fire protection services to the residents within each area. They also qualify as component units because of their fiscal dependency upon the County. The Districts do not issue separate financial statements.

Additional financial information on the individual component units, and/or separate financial statements, can be obtained from their respective administrative offices.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Note 1 - Summary of Significant Accounting Policies - Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Note 1 - Summary of Significant Accounting Policies - Continued

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund* is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The County utilizes special revenue funds to account for the activities of the Class B Roads and Mosquito Abatement.

The County reports the following major proprietary funds:

The *sanitation fund* accounts for the operations of the County's sanitation system.

Additionally, the government reports the following fund types:

The *County Clerk/District Court Fund*, *Rich J.P. Precinct Fund*, and the *Property Tax Fund* are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Note 1 - Summary of Significant Accounting Policies - Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net assets or equity

1. Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the County, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectibles.

The County bills and collects property taxes for all taxing districts within the County through the tax collection trust fund. All property taxes collected in 2005 were apportioned and distributed to the taxing districts, including the December 31, 2005 balance which was distributed in early 2006.

Note 1 - Summary of Significant Accounting Policies - Continued

Sales taxes are collected by the State Tax Commission and remitted to the County monthly.

3. Restricted cash and cash equivalents

Certain resources of the County's sanitation enterprise fund is set aside for the payment of landfill closure costs as required by applicable federal and state regulations.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15
System infrastructure	30
Equipment	7
Vehicles	5

5. Compensated absences

The County accounts for compensated absences in accordance with NGGA Statement No. 4. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid vacation available from expendable resources. The County's policy allows for a maximum of 22 days carry over into the next year. Sick leave can accumulate without limit. The County pays all unused vacation days upon separation. Sick leave is paid either in health insurance or cash at one half the accumulated leave days, up to 42 days, upon separation.

Note 1 - Summary of Significant Accounting Policies - Continued

6. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. Fund equity/Net assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the County as a whole.

Cost of capital assets	\$ 3,878,595
Accumulated depreciation	<u>(2,586,801)</u>
Total difference	<u><u>\$ 1,291,794</u></u>

Long-term debt transactions:

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at December 31, 2005 were:

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 2 - Reconciliation of Government-wide and Fund Financial Statements - Continued

Capital lease payable	(197,326)
Interest payable	(3,354)
Compensated absences	(55,056)
Total difference	<u>\$ (255,736)</u>

B. Explanation of differences between governmental fund operating statements and the statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 220,003
Depreciation expense	(211,248)
Net difference as reported	<u>\$ 8,755</u>

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this difference are as follows:

Compensated absences	\$ (13,446)
Principal repayments:	
Principal payments	45,334
Accrued interest	455
Net difference as reported	<u>\$ 32,343</u>

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by the Rich County Commissioners. Annual appropriated budgets are adopted for the general and special revenue funds. Budgets must be adopted on or before December 15th for the following fiscal year, beginning January 1. Budgets may be increased by resolution of the Rich County Commissioners at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. Budgets are adopted at sub-departmental levels. However, budget amendments are required only when excess expenditures occur at the departmental level. Appropriations lapse at December 31.

Note 3 - Stewardship, Compliance, and Accountability

Utah State law states that expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution. As such the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. The law also allows for the accumulation of a fund balance in the general fund in an amount equal to 50% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the County has one year, to determine an appropriate use and then the excess must be included as an available resource in the general fund budget.

Excess of expenditures over appropriations

For the year ended December 31, 2005, expenditures exceeded appropriations in the following departments:

General fund

CRM	\$ 2,447
Sheriff	19,718
Operating transfers	50,000

Note 4 - Detailed Notes on all Funds

Deposits and investments

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2005, \$404,914 of the local government's bank balances of \$504,914 were uninsured and uncollateralized.

Credit Risk - Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended December 31, 2005, the local governments had investments of \$661,994 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

As of December 31, 2005, the County had the following deposits and investments:

	<u>Fair Value</u>
Cash on deposit	\$ 504,914
State Treasurer's investment pool	661,994
	<u>\$ 1,166,908</u>

Components of cash and investments (including interest earning deposits) at December 31, 2005, are as follows:

Cash and cash equivalents	\$ 949,565
Restricted assets:	
Cash and cash equivalents	30,000
Total cash	<u>\$ 979,565</u>

Receivables

Receivables as of year end for the government's general and enterprise funds are as follows:

	Governmental	Business- type	Total
Accounts	\$ 1,409	137,835	139,244
Sales tax	36,181	-	36,181
Grants	81,991	-	81,991
B & C road revenue	65,291	-	65,291
Rich County School District	11,351	-	11,351
Forest service	11,351	-	11,351
	<u>\$ 207,574</u>	<u>137,835</u>	<u>345,409</u>

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of December 31, 2005, the County has no such revenue.

Capital assets

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 16,750	-	-	16,750
Total capital assets not being depreciated	16,750	-	-	16,750
Capital assets being depreciated:				
Buildings	1,343,714	-	-	1,343,714
Improvements	142,652	23,936	-	166,588
Machinery and equipment	2,238,476	196,067	83,000	2,351,543
Total capital assets being depreciated	3,724,842	220,003	83,000	3,861,845
Less accumulated depreciation for:				
Buildings	746,078	34,624	-	780,702
Improvements	77,326	8,111	-	85,437
Machinery and equipment	1,635,149	168,513	83,000	1,720,662
Total accumulated depreciation	2,458,553	211,248	83,000	2,586,801
Total capital assets, being depreciated, net	1,266,289	8,755	-	1,275,044
Governmental activities capital assets, net	\$ 1,283,039	8,755	-	1,291,794

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ 380,072	311,451	-	691,523
Total capital assets being depreciated	380,072	311,451	-	691,523
Less accumulated depreciation for:				
Machinery and equipment	254,423	26,736	-	281,159
Total accumulated depreciation	254,423	26,736	-	281,159
Total capital assets, being depreciated, net	125,649	284,715	-	410,364
Business-type activities capital assets, net	\$ 125,649	284,715	-	410,364

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 52,884
Public safety	73,435
Highways and streets	82,470
Parks and recreation	2,459
Total depreciation expense - governmental activities	<u>211,248</u>

Business-type activities:

Sanitation fund	<u>26,736</u>
Total depreciation expense - business-type activities	<u>26,736</u>

Total depreciation expense	<u>\$ 237,984</u>
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Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

Component unit - Bear Lake Special Service District

Activity for the District for the year ended December 31, 2005, was as follows:

Component Units	Beginning			Ending
Business-type activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land	\$ 159,110	-	-	159,110
Total capital assets not being depreciated	159,110	-	-	159,110
Capital assets being depreciated:				
Buildings	137,079	-	-	137,079
Sewer facility	5,960,965	80,687	-	6,041,652
Machinery and equipment	221,863	-	-	221,863
Total capital assets being depreciated	6,319,907	80,687	-	6,400,594
Less accumulated depreciation for:				
Buildings	83,396	4,718	-	88,114
Sewer facility	2,405,737	200,723	-	2,606,460
Machinery and equipment	163,298	9,033	-	172,331
Total accumulated depreciation	2,652,431	214,474	-	2,866,905
Total capital assets, being depreciated, net	3,667,476	(133,787)	-	3,533,689
Governmental activities capital assets, net	\$ 3,826,586	(133,787)	-	3,692,799

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

Interfund receivables, payables, and transfers

Individual interfund receivable and payable balances at December 31, 2005 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-major governmental	\$ 12,948
General Fund	Sanitation	7,577
General Fund	Non-major governmental	2,000
General Fund	Agency	210,149
Mosquito Abatement	General Fund	87,229
Mosquito Abatement	Sanitation Fund	184,000
Non-major governmental	General Fund	8,800
		<u>\$ 512,703</u>

Interfund receivables and payables are created when expenditures are paid by one fund on behalf of another. In addition, allocations of expenditures between funds are recorded as due to/from until paid.

Individual interfund transfers for the year ending December 31, 2005 are as follows:

<u>Transfers Out:</u>	<u>Transfers In Class B</u>
General fund	<u>\$ 150,000</u>
	<u>\$ 150,000</u>

Leases

Capital leases - The County has entered into a lease agreement as lessee for financing the acquisition of a sander for the road department. The County also has financed the acquisition of a grader for the road department. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

<u>Assets:</u>	<u>Governmental Activities</u>
Sander	\$ 56,101
Grader	141,225
Total	<u>\$ 197,326</u>

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

The future minimum lease obligations as of December 31, 2005, were as follows:

Year ending December 31	
2006	56,811
2007	56,811
2008	26,772
2009	<u>81,840</u>
Total minimum lease payments	222,234
Less: amount representing interest	<u>(24,908)</u>
Present value of minimum lease payments	<u><u>\$ 197,326</u></u>

Long-term debt

Component unit - Bear Lake Special Service District

Notes Payable

The District obtained approval for a loan of \$2,230,000 from the Utah Water Quality Board on September 24, 2001 for construction of wastewater system improvements that will extend services to the east side of Bear Lake. The loan is to be paid back over 25 years beginning February 1, 2005, at zero percent interest. The District has received \$2,000,000 of the total loan amount as of December 31, 2005. Annual installments for the note payable are \$89,200. A second loan from the State of Utah, Department of Community and Economic Development of \$250,000 began on July 1, 1987. Annual installments for the note payable are \$15,348.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
UWQB note	0.00%	\$ 1,910,800
DCED note	4.50%	<u>130,874</u>
		<u><u>\$ 2,041,674</u></u>

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

Annual debt service requirements to maturity for notes payable are as follows:

<u>For the year ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2006	98,659	5,889
2007	99,084	5,464
2008	99,515	5,032
2009	99,993	4,555
2010	100,479	4,069
2011-2015	525,144	19,228
2016-2020	446,000	-
2021-2025	446,000	-
2026-2030	126,800	-
Total	<u>\$ 2,041,674</u>	<u>44,237</u>

General obligation bond

The Bear Lake Special Service District issued Series 1986 General Obligation Sewer Bonds on December 15, 1986. These bonds were paid off in 1993 when the Service District rebounded. Obligations of the 1993 bonds are shown below. Accrued interest payable on these bonds at December 31, 2005 was \$3,557.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General obligation bond	5.5%-5.6%	\$ 25,000
		<u>\$ 25,000</u>

General obligation bond requirements to maturity are as follows:

<u>For the year ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2006	25,000	700
Total	<u>\$ 25,000</u>	<u>700</u>

Rich County, Utah
Notes to Financial Statements-Continued
For the Year Ended December 31, 2005

Note 4 - Detailed Notes on all Funds - Continued

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Notes payable:					
Sander	\$ 82,282	-	(26,181)	56,101	27,408
Grader	160,378	-	(19,153)	141,225	20,064
Total notes payable	242,660	-	(45,334)	197,326	47,472
Compensated absences	41,610	21,590	(8,144)	55,056	55,056
Governmental activity					
Long-term liabilities	\$ 284,270	21,590	(53,478)	252,382	102,528
Business-type activities					
Compensated absences	14,976	910	(6,270)	9,616	9,616
Business-type activity					
Long-term liabilities	\$ 14,976	910	(6,270)	9,616	9,616
Component unit: Bear Lake Special Service District					
Bonds payable:					
General obligation	95,000	-	(70,000)	25,000	25,000
Notes payable:					
UWQB note	1,859,395	140,605	(89,200)	1,910,800	89,200
DCED note	139,926	-	(9,052)	130,874	9,459
Total bonds and notes payable	\$ 2,094,321	140,605	(168,252)	2,066,674	123,659

Note 5 - Other Information

Retirement plans

Plan description:

Rich County, Utah, contributes to the Contributory System: Local Governmental Division and Public Safety System, Other Division A Contributory, for employers which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (the Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

Note 5 - Other Information - Continued

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and Public Safety Retirement System for employers with (without) Social Security coverage. A copy of the report may be obtained by writing the Utah Retirement Systems, 540 East 200 S, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding policy:

Plan members in the Contributory System: Local Governmental Division are not required to contribute any of their annual covered salary and Rich County, Utah, was required to contribute 6.0% of their annual salary. In the Public Safety System: Other Division A Contributory, members were required to contribute .59% of their salary and Rich County, Utah, was required to contribute 11.7% of their annual salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Rich County, Utah contributions to the Contributory System: Local Governmental Division for the years ending December 31, 2005, 2004 and 2003 were \$62,142, \$53,610 and \$43,722 respectively, and for the Public Safety System: Other Division A Contributory the contributions for December 31, 2005, 2004, and 2003 were \$46,883, \$41,475, and \$32,680 respectively. The contributions were equal to the required contributions for each year.

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note 5 - Other information - Continued

Landfill closure and post closure care cost

The County is required by federal and state regulations to properly close the landfill when it has reached capacity. The liability for landfill closure and postclosure care costs is based on landfill capacity and is recognized each year as the capacity is used. Total closure and postclosure costs are estimated to be \$30,000. The capacity of the landfill used to date is estimated to be 6% with a remaining life of 38 years. The County accrued \$5,000 of the \$30,000 of costs during fiscal year ending December 31, 2000. The County desires to set aside \$5,000 per year until the full \$30,000 has been accumulated. Based on GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, the total accrual as of December 31, 2005, should be approximately \$2,000; therefore, no additional liability has been recorded for 2005. The \$5,000 for fiscal year ending December 31, 2005, has been shown as an additional designation of retained earnings in the Enterprise Fund, for a total of \$25,000 through December 31, 2005.

Prior period adjustment

A prior period adjustment was made in the Council of Aging Special Revenue Fund to reflect additional revenues \$8,100. The adjustment was necessary due to revenues identified as belonging in a previous period.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Fair Board Fund - This fund is used to account for activities related to the County fair including the rodeo, demolition derby, parade, and various competitions.

Council of Aging Fund - This fund is used to account for activities related to the senior citizens center including transportation and meals.

Rich County, Utah
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Special Revenue		
	Fair Board	Council of Aging	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 7,465	26,056	33,521
Due from other funds	-	8,800	8,800
Total assets	<u>7,465</u>	<u>34,856</u>	<u>42,321</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accrued liabilities	739	-	739
Due to other funds	<u>2,000</u>	<u>12,948</u>	<u>14,948</u>
Total liabilities	<u>2,739</u>	<u>12,948</u>	<u>15,687</u>
Fund Balances:			
Unreserved, reported in:			
Special Revenue Fund	<u>4,726</u>	<u>21,908</u>	<u>26,634</u>
Total fund balances	<u>4,726</u>	<u>21,908</u>	<u>26,634</u>
Total liabilities and fund balances	<u>\$ 7,465</u>	<u>34,856</u>	<u>42,321</u>

Rich County, Utah

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended December 31, 2005

	Special Revenue		
	Fair Board	Council of Aging	Total
<u>Revenues</u>			
Intergovernmental	\$ -	58,269	58,269
Charges for services	28,397	965	29,362
Donations	-	11,476	11,476
Interest	-	89	89
Total revenues	28,397	70,799	99,196
<u>Expenditures</u>			
Fair expenses	24,705	-	24,705
Senior citizen programs	-	76,757	76,757
Total governmental activities	24,705	76,757	101,462
Excess revenues over (under) expenditures	3,692	(5,958)	(2,266)
Fund balances - beginning of year, as adjusted	1,034	27,866	28,900
Fund balances - end of year	\$ 4,726	21,908	26,634

NONMAJOR COMPONENT UNITS

Rich County, Utah
Combining Statement of Net Assets
Nonmajor Component Units
For the Year Ended December 31, 2005

	<u>Woodruff Fire District</u>	<u>Garden City Fire District</u>	<u>Lake Town Fire District</u>	<u>Randolph Fire District</u>	<u>Nonmajor Component Unit Total</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 7,511	132,928	16,167	15,559	172,165
Capital assets (net of accumulated depreciation):					-
Buildings	-	28,000	42,533	5,000	75,533
Machinery and equipment	<u>80,767</u>	<u>50,000</u>	<u>9,263</u>	<u>60,691</u>	<u>200,721</u>
Total assets	<u>88,278</u>	<u>210,928</u>	<u>67,963</u>	<u>81,250</u>	<u>448,419</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	-	-	-	919	919
Other current liabilities	-	18,381	-	3,881	22,262
Long term liabilities	<u>-</u>	<u>18,384</u>	<u>-</u>	<u>13,023</u>	<u>31,407</u>
Total liabilities	<u>-</u>	<u>36,765</u>	<u>-</u>	<u>17,823</u>	<u>54,588</u>
<u>Net Assets</u>					
Invested in capital assets, net of related debt	80,767	41,235	51,796	48,787	222,585
Unrestricted	<u>7,511</u>	<u>132,928</u>	<u>16,167</u>	<u>14,640</u>	<u>171,246</u>
Total net assets	<u>\$ 88,278</u>	<u>174,163</u>	<u>67,963</u>	<u>63,427</u>	<u>393,831</u>

Rich County, Utah
Combining Statement of Activities
Nonmajor Component Units
For the Year Ended December 31, 2005

	Woodruff Fire District	Garden City Fire District	Lake Town Fire District	Randolph Fire District	Nonmajor Component Unit Total
<u>Revenues</u>					
Taxes	\$ 15,240	61,858	14,224	14,391	105,713
Fee in lieu of taxes	-	-	-	3,459	3,459
Intergovernmental and grants	32,597	29,755	1,471	11,091	74,914
Charges for services	6,942	-	-	-	6,942
Miscellaneous revenue	63	-	3,685	-	3,748
Interest	60	2,176	450	-	2,686
Total revenues	54,902	93,789	19,830	28,941	197,462
<u>Expenditures</u>					
Public safety	42,192	41,538	18,854	22,702	125,286
Total expenditures	42,192	41,538	18,854	22,702	125,286
Excess revenues over (under) expenditures	12,710	52,251	976	6,239	72,176
Net assets - beginning of year	75,568	121,912	66,987	57,188	321,655
Net assets - end of year	\$ 88,278	174,163	67,963	63,427	393,831

Rich County, Utah

Schedule of Receipts and Disbursements - Treasurer's Collection Account
For the Year Ended December 31, 2005

	Treasurer's Balance December 31, 2004	Collection Receipts	Amounts Apportioned	Distributions	Treasurer's Balance December 31, 2005
Tax Collection Accounts					
Current Year Taxes & Assessments		\$ 2,836,725	2,836,725		
Fee in Lieu		225,016	225,016		
Redemptions of prior year tax		205,950	205,950		
Penalties, interest, and cost		45,486	45,486		
Other collections and refunds		28,417	28,417		
Total Collections		3,341,595	3,341,595		
County General Fund	159,190		558,375	573,138	144,427
School District	449,402		1,584,445	1,607,732	426,115
A/C State	19,048		64,344	66,119	17,273
A/C County	16,299		107,179	93,739	29,739
Cities and Towns					
Woodruff Town	1,342		6,460	5,823	1,979
Randolph Town	4,338		18,588	17,213	5,713
Laketown Town	2,184		10,830	11,615	1,399
Garden City Town	14,821		50,646	53,943	11,524
Basic School Levy	190,393		633,952	652,659	171,686
Other Districts					
Woodruff Cemetery	4,480		9,931	8,336	6,075
Randolph Cemetery	3,750		13,809	11,510	6,049
Laketown Cemetery	2,369		8,614	9,278	1,705
Garden City Cemetery	6,794		24,316	25,846	5,264
Woodruff Fire	8,111		17,848	15,045	10,914
Randolph Fire	4,887		18,019	15,012	7,894
Laketown Fire	4,198		14,634	15,810	3,022
Garden City Fire	11,657		41,782	44,393	9,046
Total Due to Taxing Units	903,263		3,183,773	3,227,213	859,824
Other					
Bear Lake SSD	273		8,922	7,816	1,379
Sanitation	5,745		15,159	16,438	4,466
Garden City RDA	30,816		133,110	151,029	12,897
Eagle Springs SSD	-		-	-	-
Mountain Meadow	-		988	986	2
Total	940,097		3,341,952	3,403,482	878,568
Overpayments	4,658		27,892	-	32,550
Carryover	2,550		(32)	-	2,518
Grand Total	<u>\$ 947,305</u>		<u>3,369,812</u>	<u>3,403,482</u>	<u>913,636</u>

Rich County, Utah

Statement of Taxes Charged, Collected, and Distributed

For the 2005 Property Tax Year

Taxing Units	Tax Valuation in Dollars	Tax Percent	Total Taxes Levied	Treasurer's Relief			Net Taxes Collected and Apportioned Amount	Percent	Fee in Lieu	Other Collections		
				Unpaid Taxes	Abatements	Other				Misc. Collections	Tax	Delinquencies Int/Pen
County Funds												
General	342,197,763	0.00143	\$ 489,873	24,060	1,170	142	464,501	94.82%	36,228	6,483	29,775	29,107
Assessing & collecting	342,197,763	0.00030	102,185	4,701	245	30	97,209	95.13%	7,532	790	3,056	304
Total County			592,059	28,761	1,415	172	561,711		43,760	7,273	32,831	29,411
School District	342,197,763	0.00600	2,051,674	100,401	4,904	596	1,945,773	94.84%	151,185	26,310	112,817	10,641
State Assessing & Collectir	342,197,763	0.00017	59,223	2,908	142	17	56,156	94.82%	4,375	778	3,495	321
Cities and Towns												
Woodruff Town	3,155,469	0.00146	4,610	24	182	2	4,402	95.49%	1,910	61	116	7
Randolph Town	8,438,284	0.00161	13,583	196	108	5	13,274	97.73%	4,996	162	79	9
Laketown Town	7,109,167	0.00101	7,212	291	41	1	6,879	95.38%	2,681	85	1,059	63
Garden City Town	136,944,553	0.00035	48,225	3,659	115	3	44,448	92.17%	2,446	644	3,501	216
Total Towns			73,630	4,170	446	11	69,003		12,033	952	4,755	295
Other Districts												
Woodruff Cemetery	28,110,414	0.00032	9,023	9	50	13	8,951	99.20%	943	115	26	5
Randolph Cemetery	27,261,579	0.00041	11,175	172	31	9	10,963	98.10%	2,651	151	58	10
Laketown Cemetery	48,121,065	0.00015	7,218	157	17	2	7,042	97.56%	751	91	452	23
Garden City Cemetery	238,704,704	0.00010	22,931	1,472	45	2	21,412	93.38%	1,044	304	1,719	164
Woodruff Fire	28,110,414	0.00058	16,220	15	91	24	16,090	99.20%	1,689	207	48	8
Randolph Fire	27,261,579	0.00054	14,582	224	41	12	14,305	98.10%	3,459	197	75	12
Laketown Fire	48,121,065	0.00027	12,800	278	31	4	12,487	97.55%	1,332	162	799	41
Garden City Fire	238,704,704	0.00017	39,411	2,528	77	4	36,802	93.38%	1,795	521	2,947	282
Total Other Districts			133,360	4,855	383	70	128,052		13,664	1,748	6,124	545
GRAND TOTAL			\$ 2,909,945	141,095	7,290	866	2,760,694		225,017	37,061	160,022	41,213

OTHER REPORTS

Ulrich & Associates, PC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Board of County Commissioners
Rich County, Utah

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rich County, Utah as of and for the year ended December 31, 2005, which collectively comprise the Rich County, Utah's basic financial statements and have issued our report thereon dated May 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rich County, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rich County, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of Utah Association of CPAs | American Institute of CPAs

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We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Rich County in a separate letter dated May 25, 2006.

This report is intended solely for the information and use of the County Commissioners, management, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Ulrich & Associates, P.C.

May 25, 2006

Ulrich & Associates, PC

Certified Public Accountants

STATE LEGAL COMPLIANCE REPORT

The Honorable Board of County Commissioners
Rich County, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Rich County, Utah, for the year ended December 31, 2005, and have issued our report thereon dated May 26, 2006. As part of our audit, we have audited Rich County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2005. The County received the following major assistance programs from the State of Utah:

Class "C" Road Allotment
Liquor Law Enforcement

The County also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Rich County's financial statements).

Mineral Lease Distribution to Special Service Districts (DOT)
Automated Geographic Reference Center Grant (RS2477)

Our audit also included test work on the County's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitation
Liquor Law Enforcement
Justice Court Compliance
B & C Road Funds
Other Compliance Requirements
Department of Commerce
Statement of Taxes Charged, Collected and Disbursed
Assessing and Collecting of Property Taxes
Transient Room Tax
Asset Forfeitures

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The management of Rich County, is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the Rich County, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed, eligibility, matching, level of effort or earmarking, reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2005.

Ulrich & Associates, P.C.

May 26, 2006

Rich County, Utah
State Legal Compliance - Schedule of Findings
For the Year Ended December 31, 2005

1 BUDGETARY COMPLIANCE

Finding - Expenditures in excess of approved budget amounts were noted in the Sheriff and CRM Departments of the General Fund and transfers from the General Fund.

Recommendation - Program directors should carefully review expenditures against the budget so that amendments can be made when appropriate.

Management Response - Management will work with program directors and the auditors to develop the proper understanding of the budget process in order to address this problem. We anticipate this will involve training and review of the budget process.

2 TRUTH IN TAXATION AND PROPERTY TAX LIMITATIONS

Finding - The County's' budget amount for property tax revenues does not equal the amount reported on the TC-693.

Recommendation - Management should carefully review the reported property tax revenues when creating and amending the budget.

Management Response - Management will review the TC-693 when creating and amending the budget.